GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:123
ANSWERED ON:28.11.2000
SUBSIDY ON FERTILIZERS
NAWAL KISHORE RAI;SUSHIL KUMAR INDORA

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Expenditure Reforms Commission has mentioned in its report about theirregularities being committed while extending subsidies to fertilizers;

(b) if so, the details thereof in this regard;

(c) whether the Government have ascertained the facts of the matter.

(d) if so, the details thereof; and

(e) the steps taken by the Government to check such irregularities in future.

Answer

MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.123 BY SHRI NAWA KISHORE RAI AND DR. SUSHIL KUMAR INDORA TO BE ANSWERED ON 28.11.2000

(a) & (b): Expenditure Reforms Commission (ERC), in its report has stated that the existingunit-wise Retention Price Scheme (RPS) has many disadvantages in that it results in high cost fertilizers, excess payments to the industry and provides no incentives to be cost-efficient. The Commission has also mentioned that the unit-wise RPS has been grossly misused.

(c) & (d): The Report of the ERC is under examination within the Department of Fertilizersand inter-Ministerial consultations will soon be held to finalise the views of the Government on the recommendations of the ERC.

(e): Incidentally, the issues pertaining to reassessment of capacities of urea manufactur- ing units, also referred to by the ERC in its report, have already been referred to a Committee headed by Dr. Y.K. Alagh constituted by the Government in May 2000for giving suitable advice and recommendations to Government thereon. The report of this Committee is likely to be received shortly. However, pending the report of the Alagh Committee and interim reassessment of the capacities of the urea units has already been carried w.e.f. 1.4.2000.